

REMARKS

This is intended as a full and complete response to the Office Action dated June 19, 2006, having a shortened statutory period for response set to expire on September 19, 2006. Please reconsider the claims pending in the application for reasons discussed below.

Claim Rejections – 35 U.S.C. § 102

Claims 1-4, 6-10, 12, 13, 17, 19 and 20 stand rejected under 35 U.S.C. § 102(e) as being anticipated by *Baustad*, U.S. 6,915,686. Claims 1, 8, 14, 17 and 21 stand rejected under 35 U.S.C. § 102(b) as being anticipated by *Gysling, et al.*, U.S. 6,354,147.

With respect to Claim 1, both *Gysling, et al.* and *Baustad* fail to disclose “a casing string permanently located within a wellbore by an alterable bonding material within an annulus between the casing string and a surrounding formation” and a sensor “attached to the casing string by location within the protective pocket.” In fact, the sensor identified in “prior art” Figure 1 of *Baustad* is the only sensor shown with reference to a wellbore, but such sensor is run on a production string concentrically within the casing that is surrounded by cement and then the earth formation. Therefore, *Gysling, et al.* or *Baustad* fail to teach, show or suggest each and every limitation of claim 1. Accordingly, Applicants submit that claim 1 is allowable and respectfully request allowance of claim 1 and any claims that depend therefrom.

Claims 8 and 17 have been amended to include allowable subject matter as discussed below. Therefore, *Gysling, et al.* or *Baustad* do not anticipate these claims. Applicants submit that claims 8 and 17 and all claims dependent thereon are allowable and respectfully request withdrawal of the rejection.

Allowable Subject Matter

Claims 11 and 18 stand objected to as being dependent upon a rejected base claim. As amended, claim 8 includes the limitations of previous claim 11 which the Examiner indicated is allowable. Further, claim 17 includes the limitations of prior claim 18 which the Examiner also stated is allowable. Therefore, Applicants believe that claims 8 and 17 and all claims dependent thereon are in condition for allowance and respectfully request the same.

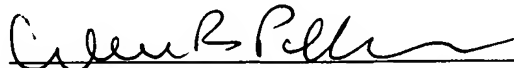
New Claims

New claim 64 recites a method that includes "setting the casing string permanently within the wellbore with a physically alterable bonding material" and "monitoring a wellbore or formation parameter with at least one sensor attached to the casing string by location within the protective pocket" that is "attached to an inner surface of the casing string." With respect to claim 67, an apparatus includes a casing string permanently located within a wellbore, wherein the casing string defines a substantially uniform inner diameter and a substantially uniform outer diameter across its length, an alterable bonding material within an annulus between the casing string and a surrounding formation, and a sensor located at least partially within a wall of the casing string between the inner and outer diameters. However, there is no indication in the references that sensors are located as recited in either claim 64 or claim 67. The "casing string" as claimed differentiates from production tubing as discussed above with respect to claim 1. No new matter has been added. Therefore, Applicants believe that new claims 64-71 are in condition for allowance and respectfully request the same.

Conclusion

In conclusion, the references cited by the Examiner, alone or in combination, do not teach, show, or suggest the invention as claimed. Having addressed all issues set out in the office action, Applicant respectfully submits that the claims are in condition for allowance and respectfully request that the claims be allowed.

Respectfully submitted,



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